

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name GREENWOOD TOWNSHIP	County OSCODA
Fiscal Year End MARCH 31, 2006	Opinion Date 6/21/06	Date Audit Report Submitted to State 9/27/06	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO **Check each applicable box below.** (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in reporting entity notes to the financial statements as necessary.
  - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☒ ☐ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) THOMAS R ZICK CPA, P.C.		Telephone Number 989-786-4032	
Street Address P.O. BOX 149		City LEWISTON	State Zip MI 49756
Authorizing CPA Signature 		Printed Name THOMAS R ZICK, CPA	License Number 1101007478

**GREENWOOD TOWNSHIP  
BASIC FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2006**

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**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

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## **INDEPENDENT AUDITOR'S REPORT**

June 21, 2006

Township Board  
Greenwood Township  
Lewiston, Michigan 49756

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Greenwood Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood Township, as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenwood Township's basic financial statements. The introductory section, and combining non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements have been subjected to the auditing procedures applied by me in the audit of the basic financial statements and, in my opinion, based on my audit are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Thomas R. Zick, CPA P.C." in a cursive script.

THOMAS R. ZICK CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

# **GREENWOOD TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### **THE TOWNSHIP AS A WHOLE**

The Township's combined net assets increased 9.95% from a year ago – increasing by \$78,634. As we look at the governmental activities you can see the increase occurred throughout the entire group of governmental funds.

This year the township continued to add new subdivided lots to the property tax rolls with the addition of a resort subdivision. In addition, the Township Board approved site plans for a total of 400 plus subdivided lots. The roads and infrastructure are now under construction.

The Township received federal grants totaling \$9,834 to update the safety equipment of the firefighters.

In a condensed format, the table below shows a calculation of the net assets as of the current balance sheet date.

#### Governmental Activities

	03/31/06	03/31/05
Current Assets	\$ 533,847	\$ 498,961
Noncurrent Assets	<u>973,527</u>	<u>972,122</u>
Total Assets	1,507,374	1,471,083
Long-Term Debt Outstanding	621,263	661,047
Other Liabilities	<u>14,778</u>	<u>19,800</u>
Total Liabilities	<u>636,041</u>	<u>680,847</u>
Net Assets		
Invested in Capital Assets - Net of Debt	442,264	311,075
Restricted	190,095	248,203
Unrestricted	<u>236,511</u>	<u>230,958</u>
Total Net Assets	<u>\$ 868,870</u>	<u>\$ 790,236</u>

Unrestricted net assets – the part of net assets that can be used to finance day to day operations ended the year at \$236,511.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the changes in the net assets as of the current year.

### Governmental Activities

	<u>03/31/06</u>	<u>03/31/05</u>
Program Revenues		
Charges for Services	\$ 52,211	\$ 44,406
Operating Grants and contributions	3,986	3,940
Capital Grants and contributions	10,829	52,820
General Revenues		
Property Taxes	228,228	218,643
State Shared Revenues	80,708	78,830
Unrestricted Investment Earnings	8,107	5,594
Transfers and Other Revenue	<u>8,088</u>	<u>10,724</u>
Total Revenues	<u>392,157</u>	<u>414,957</u>
Program Expenses		
General Government	130,966	141,874
Public Safety	116,652	99,266
Public Works	36,240	176,985
Interest on Long-Term Debt	<u>29,665</u>	<u>32,591</u>
Total Expenses	<u>313,523</u>	<u>450,716</u>
Change in Net Assets	<u>\$ 78,634</u>	<u>\$ (35,759)</u>

The Township's net assets continue to remain healthy. With new residents moving in, the total revenues grew slightly faster than inflation while we were able to hold expenses in line.

### GOVERNMENTAL ACTIVITIES

The Township's total governmental revenues were \$392,157.

During the year the Township approved a zoning ordinance for Manufactured Home Parks, continued work on the Master Plan, vigorously enforced the Blight Ordinances and worked with Oscoda County to develop and implement Advanced Life Support with 24 hr/7 days a week paramedics on duty on a county wide basis. This was done with no additional cost to the township taxpayer. The Board also approved the move from biannual audits to annual audits this year.

We implemented a job description and duties handbook for the Fire Chief as well as the hiring practice. The Board approved the renovation of Greenwood Fire Station #2, the restoration of one of our fire trucks with upgrades in safety and a new water tank for total expenditures of \$47,000.00. The Fire Department also purchased a lighting system for use at fires and other disasters.

The Township implemented a recycling program at our transfer site this year and it has been very successful.

### THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 8 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2005/06 include the General fund, Fire Fund, and Fire Hall Debt Retirement Fund.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **THE TOWNSHIP'S FUNDS (CONTINUED)**

The General fund pays for most of the Township's governmental services. The most significant expenditures are assessing at \$26,000, landfill transfer site at \$27,500, and planning and zoning at \$15,400.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Township board amended the budget to take into account events during the year. There were only minor budget adjustments during the year. The General Fund Balance increased by \$35,208 during the year.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

At March 31, 2006 the Township had \$973,527 invested in net capital assets in a broad range of capital assets, including buildings and fire equipment.

The Township has \$621,263 in long-term debt at March 31, 2006. The debt included \$255,000 for fire hall building debt, \$130,000 for town hall building debt, \$90,000 for special assessment road improvements, \$113,160 for a fire truck installment loan and \$33,103 for a fire truck refurbishment installment loan. During the year the Township received proceeds of \$33,103 for fire truck refurbishment. Debt principal payments totaled \$72,887 during the year.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Township's budget for 2006/07 calls for no increase in property tax rates. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

With the additional parcels added to the assessment roll and through the continued growth in our tax base, we do not anticipate any changes to our tax rates for 2006-07. We continue to watch our budget closely and meet quarterly with the various departments to maintain budget integrity.

### **CONTACTING THE TOWNSHIP'S MANAGEMENT**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at (989) 786-7872 or visit the Township offices.



GREENWOOD TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2006

	Governmental Activities
ASSETS	
Cash demand and time deposits	\$ 458,904
Receivables	
Taxes	16,796
Special Assessments	57,152
Other governments	995
Capital assets	
Land	12,500
Other capital assets, net of depreciation	<u>961,027</u>
 TOTAL ASSETS	 <u>1,507,374</u>
LIABILITIES	
Accounts payable	2,463
Accrued liabilities	14,778
Noncurrent liabilities:	
Due within one year	99,092
Due in more than one year	<u>522,171</u>
 TOTAL LIABILITIES	 <u>638,504</u>
NET ASSETS	
Invested in capital assets, net of related debt	442,264
Restricted for:	
Debt Service	90,315
Special Assessment	20,119
Fire fund	79,661
Unrestricted	<u>236,511</u>
 TOTAL NET ASSETS	 <u>\$ 868,870</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2006

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants	
<b>Primary Government</b>					
<b>Governmental Activities</b>					
General Government	\$ 130,966	\$ 29,777	\$ -	\$ -	\$ (101,189)
Public Safety	116,652	6,260	-	10,829	(99,563)
Public Works	36,240	16,174	3,986	-	(16,080)
Interest on Debt	<u>29,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,665)</u>
Total Governmental Activities	<u>\$ 313,523</u>	<u>\$ 52,211</u>	<u>\$ 3,986</u>	<u>\$ 10,829</u>	<u>(246,497)</u>
<b>General revenues:</b>					
Taxes:					
Property taxes levied for general purposes					148,759
Property taxes, levied for debt services					79,469
State Revenue Sharing not restricted to specific purposes					80,708
Interest and investment earnings / other revenue					<u>16,195</u>
Total general revenues and taxes					<u>325,131</u>
Change in net assets					78,634
Net assets, beginning of year					<u>790,236</u>
Net assets, end of year					<u>\$ 868,870</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2006

	GENERAL FUND	FIRE FUND	FIRE HALL DEBT RETIREMENT	OTHER FUNDS	TOTAL
<b>ASSETS</b>					
Cash	\$ 279,740	\$ 74,569	\$ 55,796	\$ 48,799	\$ 458,904
Receivables					
Taxes	6,007	4,950	3,893	1,946	16,796
Special Assessments	-	-	-	57,152	57,152
Due From Other Governmental Units	-	995	-	-	995
<b>TOTAL ASSETS</b>	<u>\$ 285,747</u>	<u>\$ 80,514</u>	<u>\$ 59,689</u>	<u>\$ 107,897</u>	<u>\$ 533,847</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 1,610	\$ 853	\$ -	\$ -	\$ 2,463
Deferred Revenue	-	-	-	57,152	57,152
<b>TOTAL LIABILITIES</b>	<u>1,610</u>	<u>853</u>	<u>-</u>	<u>57,152</u>	<u>59,615</u>
<b>FUND BALANCES</b>					
Reserved	-	79,661	59,689	50,745	190,095
Unreserved	284,137	-	-	-	284,137
<b>TOTAL FUND BALANCES</b>	<u>284,137</u>	<u>79,661</u>	<u>59,689</u>	<u>50,745</u>	<u>474,232</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 285,747</u>	<u>\$ 80,514</u>	<u>\$ 59,689</u>	<u>\$ 107,897</u>	<u>\$ 533,847</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP  
Reconciliation of Fund Balances on the Balance Sheet  
for Governmental Funds to Net Assets of  
Governmental Activities on the Statement of Net Assets  
MARCH 31, 2006

Fund Balances - Total Governmental Funds	\$ 474,232
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets - at Cost	1,379,780
Accumulated Depreciation	(406,253)

Special Assessment revenues are recorded in the Statement of Activities or collectable within 60 days of year-end (3/31 each year)	57,152
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Certain liabilities such as bonds and notes payable are not due and payable in the current period and therefore are not reported in the governmental funds

Bonds Payable	(475,000)
Installments Note Payable	(146,263)

Accrued interest payable is not included as a liability in the governmental funds	(14,778)
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Net Assets of Governmental Activities	<u>\$ 868,870</u>
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See Notes to Financial Statements

GREENWOOD TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2006

	GENERAL FUND	FIRE FUND	FIRE HALL DEBT RETIREMENT	OTHER FUNDS	TOTAL
REVENUES					
Taxes	\$ 59,488	\$ 89,271	\$ 52,980	\$ 29,827	\$ 231,566
State Sources	84,694	995	-	-	85,689
Federal Sources	-	9,834	-	-	9,834
Charges for Services	22,434	-	-	9,568	32,002
Interest Income	6,348	1,505	116	138	8,107
Administration Fee	29,777	-	-	-	29,777
Other Revenue	7,588	500	-	-	8,088
TOTAL REVENUES	210,329	102,105	53,096	39,533	405,063
EXPENDITURES					
General Government	\$ 121,070	-	-	-	121,070
Public Safety	15,401	65,155	-	-	80,556
Public Works	36,240	-	-	-	36,240
Capital Outlay	2,410	44,987	-	-	47,397
Debt Service:					
Principal	-	12,887	40,000	20,000	72,887
Interest and Other Charges	-	7,147	13,837	11,874	32,858
TOTAL EXPENDITURES	175,121	130,176	53,837	31,874	391,008
REVENUES OVER (UNDER) EXPENDITURES	35,208	(28,071)	(741)	7,659	14,055
OTHER FINANCING SOURCES (USES)					
Proceeds From Loan	-	33,103	-	-	33,103
TOTAL OTHER FINANCING SOURCES (USES)	-	33,103	-	-	33,103
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND AND OTHER USES	35,208	5,032	(741)	7,659	47,158
FUND BALANCES - BEGINNING OF YEAR	248,929	74,629	60,430	43,086	427,074
FUND BALANCES, END OF YEAR	\$ 284,137	\$ 79,661	\$ 59,689	\$ 50,745	\$ 474,232

See Notes to Financial Statements

GREENWOOD TOWNSHIP  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
FOR THE YEAR ENDED MARCH 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$	47,158
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital Outlay		47,397
Deduct - Depreciation Expense		(45,992)

Special Assessment revenues are recorded in the Statement of Activities when the assessment is set. They are not reported in the funds until collected or collectible within 60 days of year-end.		(12,906)
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Bond proceeds provide current resources in the governmental funds but increase long-term liabilities in the Statement of Net Assets and have no effect on the Statement of Activities		(33,103)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - Principal Payments on Long-term Liabilities		72,887
Add - Decrease in Accrued Interest Payable		3,193

Change in Net Assest of Governmental Activities	\$	<u>78,634</u>
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See Notes to Financial Statements

GREENWOOD TOWNSHIP  
STATEMENT OF FIDUCIARY FUND NET ASSETS  
AGENCY FUNDS  
MARCH 31, 2006

ASSETS

Cash	\$ 84
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<u>TOTAL ASSETS</u>	<u>\$ 84</u>
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LIABILITIES

Due to Other Governmental Units	\$ 84
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<u>TOTAL LIABILITIES</u>	<u>\$ 84</u>
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See Notes to Financial Statements

GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Greenwood Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

**REPORTING ENTITY**

The General Law Township is located in Oscoda County, Michigan and operated under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, voter registration, and maintenance of township facilities.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

**TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS**

The township-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the township-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

**Township-Wide Financial Statements** - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the township-wide financial statements.



GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Fire Fund – This is a special revenue fund used to record revenue and expenditures related to the fire department activities.

Fire Hall Debt Retirement Fund – this is a debt service fund used to record the proceeds from tax levies and to record the debt principal and interest payments.

Additionally, the Township reports the following governmental types:

Town Hall Debt Retirement Fund and Special Assessment Fund

Fiduciary Funds – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**Cash and Investments** – Cash and investments include cash on hand, demand deposits, and savings accounts and certificates of deposit.

GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables and Payables** – In general, outstanding balances between funds are reported as “due to/from other funds.”

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

**Restricted Assets** – The fund balance in the debt service funds and special assessment fund are shown as a restricted fund balances. These balances can only be used to service the respective debt and special assessment expenses.

**Capital Assets** – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	10-50 years
Fire trucks and other vehicles	7-15 years
Furniture and other equipment	2-20 years

**Long-Term Obligations** – In the Township-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Accounting Change** – Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB No. 34) along with all related statements and interpretations. Changes to the Township’s financial statements as a result of GASB No. 34 are as follows:

- § A Management’s Discussion and Analysis (MD&A) section providing analysis of the Township’s overall financial position and results of operations has been included.
- § Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township’s activities have been provided.

GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- § Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$972,122 not previously accounted for by the Township
- § The governmental activities column includes bonds and other long-term obligations totaling \$661,047 previously reported in the General Long-term Debt Account Group.
- § The fund financial statements focus on major funds rather than fund types.

**BUDGETS AND BUDGETARY ACCOUNTING**

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal, and a new budget is adopted for the ensuing year. The budget for Greenwood Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

**NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

**Excess Expenditures Over Appropriations in Budgeted Funds** - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas. The following expenditure line items exceeded budgeted amounts

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Transfer Site	\$ 27,350	\$ 27,527	\$ (177)
Fire Fund			
Capital Outlay	\$ 5,000	\$ 44,987	\$ (39,987)

GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 3 - CASH AND INVESTMENTS**

The captions on the accompanying balance sheet related to cash are as follows:

	Imprest <u>Cash</u>	<u>Cert of Dep</u>	Cash/checking <u>and Savings</u>	<u>, Total</u>
Government Activities	\$ 150	\$ 177,007	\$ 281,747	\$ 458,904
Agency Funds	<u>-0-</u>	<u>-0-</u>	<u>84</u>	<u>84</u>
	<u>\$ 150</u>	<u>\$ 177,007</u>	<u>\$ 281,831</u>	<u>\$ 458,988</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$458,838 and the bank balance was \$460,240 was classified as to risk as follows.

Insured	\$ 362,418
Uninsured – Uncollateralized	<u>96,420</u>
	<u>\$ 458,838</u>

Investments – Act 217, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, securities, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.
- f. Bankers' acceptance of United States banks

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The Township has no investments at March 31, 2006.

Interest Rate Risk

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time. However, there are no investments at March 31, 2006.

GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments of collateral securities that are in possession of an outside party. However, there were no investments at March 31, 2006 with this risk.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority. There were no investments at March 31, 2006.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity of the Township's governmental activities was as follows:

	Balance March 31, 2005	Additions	Disposals	March 31, 2006
Capital assets not being depreciated:				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Capital assets being depreciated:				
Building and building improvements	767,817	-	-	767,817
Equipment and vehicles	552,066	47,397	-	599,463
Subtotal	1,319,883	47,397	-	1,367,280
Accumulated depreciation	360,261	45,992	-	406,253
Net capital assets being depreciated	959,622	1,405	-	961,027
Net governmental capital assets	\$ 972,122	\$ 1,405	\$ -	\$ 973,527

Depreciation expense was charged to activities of the Township as follows:

    Governmental activities:

General Fund	\$ 9,896
Fire Fund	36,096
Total	\$ 45,992

GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 5 - RISK MANAGEMENT**

The Township purchases insurance in the Michigan Township Participating Plan for its liability, property and automobile coverage.

Worker compensation is purchased through the Accident Fund Insurance Company of America.

The Michigan Township Participating Plan is an authorized Michigan Self-Insurance Association and Greenwood Township is accepted as a member in this plan organized under Public Act 138 of 1982. A substantial number of Michigan townships participate in this coverage.

**NOTE 6 - LONG-TERM DEBT**

Following is a summary of pertinent information concerning the Township's long-term debt:

Outstanding Debt Descriptions:

General Obligation Bonds, Series 2000-A	\$ 255,000
General Obligation Bonds, Series 2000-B	130,000
Capital Improvement Bonds Series 2004	90,000
Installment debt	113,160
Installment debt	<u>33,103</u>
 Total	 <u>\$ 621,263</u>

Changes in Long-Term Debt

April 1, 2005	\$ 661,047
New debt	33,103
Principal paid	<u>(72,887)</u>
 March 31, 2006	 <u>\$ 621,263</u>

General Obligation Bonds, Series 2000-A

Description: This debt was incurred to defray the cost of erecting, improving and furnishing a fire station.

SECURITY - There shall be levied upon all taxable property in the Township a tax such that the estimated collections shall be sufficient to pay principal and interest as due.

PRIOR REDEMPTION - The bonds shall not be subject to redemption prior to maturity.

**DEBT SCHEDULE**

Year	Principal Due May 1	Interest Rate	Interest	
			May 1	November 1
2006	\$ 45,000	4.85%	\$ 6,306	\$ 5,215
2007	45,000	4.90%	5,215	4,113
2008	50,000	4.95%	4,113	2,875
2009	55,000	5.00%	2,875	1,500
2010	60,000	5.00%	1,500	-0
	<u>\$ 255,000</u>		<u>\$ 20,009</u>	<u>\$ 13,703</u>
			<u>\$ 33,712</u>	

GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

General Obligation Bonds, Series 2000-B

Description: This debt was incurred to defray the cost of erecting, improving and furnishing a township hall and improving the site for the township hall.

SECURITY - There shall be levied upon all taxable property in the Township a tax such that the estimated collections shall be sufficient to pay principal and interest as due.

PRIOR REDEMPTION - The bonds shall not be subject to redemption prior to maturity.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest Rate</u>	<u>Interest</u>	
			<u>May 1</u>	<u>November 1</u>
2006	\$ 20,000	4.80%	\$ 3,240	\$ 2,760
2007	25,000	4.90%	2,760	2,148
2008	25,000	5.00%	2,148	1,522
2009	30,000	5.05%	1,522	765
2010	30,000	5.10%	765	-0
	<u>\$ 130,000</u>		<u>\$ 10,435</u>	<u>\$ 7,195</u>
			<u>\$ 17,630</u>	

SPECIAL ASSESSMENT

Capital Improvement Bonds Series 2004 for \$90,000 at 3.76% interest. Issued June 17, 2004 for South Tee Lake road improvements. Special assessment collections from taxpayers will cover the debt amortization, however full faith and Credit of the Township has been pledged.

DEBT SCHEDULE

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest</u>	
		<u>May 1</u>	<u>November 1</u>
2006	\$ 10,000	\$ 1,692	\$ 1,692
2007	10,000	1,504	1,504
2008	10,000	1,316	1,316
2009	10,000	1,128	1,128
2010	10,000	940	940
2011-2014	40,000	1,880	1,880
	<u>\$ 90,000</u>	<u>\$ 8,460</u>	<u>\$ 8,460</u>
		<u>\$ 16,920</u>	

LEASE PURCHASE/INSTALLMENT DEBT

Description: This debt was incurred to finance the purchase of a fire truck.

SECURITY - Title to the vehicle will vest with the purchaser(Township) subject to a security interest of Oshkosh Capital, the financing entity.

INTEREST RATE - 5.67%

EARLY PAY-OFF - The Township has the option of prepaying the debt. The prepayment penalty is 2% of the outstanding principal balance.

GREENWOOD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 6 - GENERAL LONG-TERM DEBT (CONTINUED)**

**DEBT SCHEDULE**

<u>Year</u>	<u>Principal Due May 1</u>	<u>Interest Rate</u>	<u>Interest May 1</u>
2006	13,618	5.67%	6,416
2007	14,390	5.67%	5,644
2008	15,206	5.67%	4,828
2009	16,068	5.67%	3,966
2010	16,979	5.67%	3,055
2011	17,941	5.67%	2,093
2012	18,958	5.67%	1,075
	<u>\$ 113,160</u>		<u>\$ 27,077</u>

**LEASE PURCHASE/INSTALLMENT DEBT**

Description: This debt was incurred to refurbish a fire truck.

**SECURITY** – Title to the vehicle will vest with the Township subject to a security interest of Oshkosh Capital, the financing entity.

**INTEREST RATE** – 5.25%

**EARLY PAYOFF** – The Township has the option of paying the debt. The prepayment penalty is 2% of the outstanding principal balance.

**DEBT SCHEDULE**

<u>Year</u>	<u>Principal Due Nov 28</u>	<u>Interest Rate</u>	<u>Interest Due Nov 28</u>
2006	\$ 10,475	5.25%	\$ 1,738
2007	11,025	5.25%	1,188
2008	11,603	5.25%	609
	<u>\$ 33,103</u>		<u>\$ 3,535</u>

**Annual Debt Service Requirements:**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Other</u>	<u>Total</u>
Principal	\$ 99,092	\$ 105,414	\$ 111,809	\$ 111,068	\$116,979	\$ 76,901	\$ 621,263
Interest	<u>29,059</u>	<u>24,075</u>	<u>18,727</u>	<u>12,884</u>	<u>7,200</u>	<u>6,927</u>	<u>98,873</u>
Totals	<u>\$ 128,151</u>	<u>\$ 129,489</u>	<u>\$ 130,536</u>	<u>\$ 123,952</u>	<u>\$124,179</u>	<u>\$ 83,828</u>	<u>\$ 720,136</u>



## **REQUIRED SUPPLEMENTAL INFORMATION**

GREENWOOD TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 56,000	\$ 56,000	\$ 59,488	\$ 3,488
State Sources	69,336	69,336	84,694	15,358
Charges for Services	13,000	13,000	22,434	9,434
Interest Income	2,000	2,000	6,348	4,348
Administration Fee	33,000	33,000	29,777	(3,223)
Other	<u>63,825</u>	<u>63,825</u>	<u>7,588</u>	<u>(56,237)</u>
TOTAL REVENUES	<u>237,161</u>	<u>237,161</u>	<u>210,329</u>	<u>(26,832)</u>
EXPENDITURES				
General Government:				
Township Board	44,700	43,700	25,920	17,780
Supervisor	15,500	15,500	11,140	4,360
Clerk	23,200	23,200	14,515	8,685
Board of Review	1,500	1,500	1,303	197
Treasurer	37,500	37,500	31,075	6,425
Assessor	29,200	29,200	26,138	3,062
Elections	3,375	3,375	499	2,876
Township Hall	11,400	11,400	9,328	2,072
Attorney	1,000	2,000	1,152	848
Capital Outlay	<u>2,500</u>	<u>2,500</u>	<u>2,410</u>	<u>90</u>
Total General Government	<u>169,875</u>	<u>169,875</u>	<u>123,480</u>	<u>46,395</u>
Public Safety:				
Planning and Zoning	<u>20,600</u>	<u>20,600</u>	<u>15,401</u>	<u>5,199</u>
Total Public Safety	<u>20,600</u>	<u>20,600</u>	<u>15,401</u>	<u>5,199</u>
Public Works				
Road	15,000	15,000	4,728	10,272
Metro	4,336	4,336	3,985	351
Transfer Site	<u>27,350</u>	<u>27,350</u>	<u>27,527</u>	<u>(177)</u>
Total Public Works	<u>46,686</u>	<u>46,686</u>	<u>36,240</u>	<u>10,446</u>
TOTAL EXPENDITURES	<u>237,161</u>	<u>237,161</u>	<u>175,121</u>	<u>62,040</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	35,208	35,208
FUND BALANCES, BEGINNING OF YEAR	<u>248,929</u>	<u>248,929</u>	<u>248,929</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 248,929</u>	<u>\$ 248,929</u>	<u>\$ 284,137</u>	<u>\$ 35,208</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP  
FIRE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 63,500	\$ 63,500	\$ 67,228	\$ 3,728
Payment in lieu of taxes	21,500	21,500	22,043	543
Intergovernmental Revenue				
Federal	10,000	10,000	9,834	(166)
State	1,000	1,000	995	(5)
Other Local Units	-	-	-	-
Interest	1,000	1,000	1,505	505
Other Revenue	<u>15,584</u>	<u>15,584</u>	<u>500</u>	<u>(15,084)</u>
TOTAL REVENUES	<u>112,584</u>	<u>112,584</u>	<u>102,105</u>	<u>(10,479)</u>
EXPENDITURES				
Public Safety	87,550	87,550	65,155	22,395
Debt Retirement				
Principal	12,887	12,887	12,887	-
Interest	7,147	7,147	7,147	-
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>44,987</u>	<u>(39,987)</u>
TOTAL EXPENDITURES	<u>112,584</u>	<u>112,584</u>	<u>130,176</u>	<u>(17,592)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(28,071)</u>	<u>(28,071)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds From Debt	<u>-</u>	<u>-</u>	<u>33,103</u>	<u>(33,103)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>33,103</u>	<u>(33,103)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	5,032	(61,174)
FUND BALANCES, BEGINNING OF YEAR	<u>74,629</u>	<u>74,629</u>	<u>74,629</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 74,629</u>	<u>\$ 74,629</u>	<u>\$ 79,661</u>	<u>\$ (61,174)</u>

See Notes to Financial Statements

## **OTHER SUPPLEMENTAL INFORMATION**

GREENWOOD TOWNSHIP  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2006

	DEBT RETIREMENT TOWN HALL DEBT	SPECIAL ASSESSMENT	TOTAL
ASSETS			
Cash	\$ 28,680	\$ 20,119	\$ 48,799
Investments	-	-	-
Receivables:			
Taxes	1,946	-	1,946
Special Assessments	-	57,152	57,152
Inventory	-	-	-
Due From Other Funds	-	-	-
Due From Other Governmental Units	-	-	-
	<u>30,626</u>	<u>77,271</u>	<u>107,897</u>
TOTAL ASSETS			
	<u>30,626</u>	<u>77,271</u>	<u>107,897</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Units	-	-	-
Advances From Other Governmental Units	-	-	-
Deferred Revenue	-	57,152	57,152
	<u>-</u>	<u>57,152</u>	<u>57,152</u>
TOTAL LIABILITIES			
	<u>-</u>	<u>57,152</u>	<u>57,152</u>
FUND BALANCE			
Reserved	30,626	20,119	50,745
Unreserved	-	-	-
	<u>30,626</u>	<u>20,119</u>	<u>50,745</u>
TOTAL FUND BALANCES			
	<u>30,626</u>	<u>20,119</u>	<u>50,745</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,626</u>	<u>\$ 77,271</u>	<u>\$ 107,897</u>

See Notes to Financial Statements

GREENWOOD TOWNSHIP  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED MARCH 31, 2006

	DEBT RETIREMENT		
	TOWN HALL DEBT	SPECIAL ASSESSMENT	TOTAL
REVENUES			
Taxes	\$ 26,489	\$ 3,338	\$ 29,827
Federal Sources	-	-	-
Charges for Services	-	9,568	9,568
Interest	63	75	138
State Sources	-	-	-
Other	-	-	-
	<u>26,552</u>	<u>12,981</u>	<u>39,533</u>
TOTAL REVENUES			
EXPENDITURES			
Capital Outlay	-	-	-
Debt Service			
Principal	20,000	-	20,000
Interest	<u>7,230</u>	<u>4,644</u>	<u>11,874</u>
	<u>27,230</u>	<u>4,644</u>	<u>31,874</u>
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	(678)	8,337	7,659
FUND BALANCES, BEGINNING OF YEAR	<u>31,304</u>	<u>11,782</u>	<u>43,086</u>
FUND BALANCES, END OF YEAR	<u>\$ 30,626</u>	<u>\$ 20,119</u>	<u>\$ 50,745</u>

See Notes to Financial Statements



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## **FINANCIAL AUDIT COMMENTS**

June 21, 2006

Township Board  
Greenwood Township  
Lewiston, Michigan 49756

In planning and performing my audit of the general purpose financial statements of Greenwood Township, Oscoda County for the year ended March 31, 2006, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Greenwood Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

## **REPORTABLE CONDITIONS**

### CAPITAL ASSETS

A detail listing of capital assets has been prepared and was complete for 2006. Assets received through grants in kind rather than cash should also be recorded. The in-kind contribution would be recorded as revenue and the corresponding capital outlay account would be charged as the disbursement.

### BUDGETARY PROCEDURES

The Township Board properly adopted a budget for the General Fund and all Special Revenue funds for the year ended March 31, 2006 in accordance with Public Act 621 of 1978, The Uniform Budgeting and Accounting Act.

Public Act 621 of 1978, section 18 (1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the General fund has been shown on a functional basis. The approved budget of the township for the General Fund was adopted on a line item basis by activity.

During the year ended March 31, 2006 expenditures were incurred in excess of the amounts appropriated in the amended budget of the general fund and special revenue fund types of the primary government as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund Transfer Site	\$ 27,350	\$ 27,527	\$ (177)
Fire Fund Capital Outlay	\$ 5,000	\$ 44,987	\$ (39,987)

Much of the fire fund capital outlay overage occurred because the fire truck refurbishing loan was recorded along with the capital outlay being paid by the loan proceeds.

#### INTERNAL CONTROL STRUCTURE

Because of its size, the Township has a limited internal control structure. The Clerk and the Treasurer receive the income, pay the bills and post all journals and ledgers. It is impractical and cost prohibitive to make the system any more elaborate, however, this letter informs the reader that such a system is not in place.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the matters described above are material weaknesses.

This report is intended solely for the information and use of the Greenwood Township Oscoda County, Michigan, management, and others on the board, and the Michigan Department of Treasury. This report is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



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Certified Public Accountant